

**GOVERNMENT OF INDIA
PETROLEUM AND NATURAL GAS
LOK SABHA**

UNSTARRED QUESTION NO:826
ANSWERED ON:26.07.2001
PURCHASE OF CRACKER PLANT OF IPCL BY IOCL
NARESH KUMAR PUGLIA

Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

- (a) whether the Indian Oil Corporation Limited (IOCL) is purchasing the cracker plant of Indian Petrochemicals Limited (IPCL) located at Vadodara;
- (b) if so, the details thereof;
- (c) whether the Vadodara plant of IPCL has since been evaluated;
- (d) if so, the details thereof;
- (e) whether there is a dispute going on between IOCL and IPCL over the pricing of the IPCL's Vadodara unit;
- (f) if so, the details thereof; and
- (g) the steps taken to settle this dispute between two major public undertakings?

Answer

MINISTER OF STATE IN THE MINISTRY OF PETROLEUM & NATURAL GAS (SHRI SANTOSH KUMAR GANGWAR)

(a) & (b): In December, 2000, the Department of Disinvestment, Government of India informed Indian Oil Corporation Limited (IOC) regarding the decision of the Government for the transfer of the Vadodara unit of IPCL consisting of naphtha cracker unit and other downstream units, to IOC on nomination basis.

(c)&(d): Due diligence w.r.t. Technical, Financial and Legal aspects has since been completed by IOC. Valuation for the Vadodara unit and associated facilities has also been carried out with the assistance of Bank of America, the financial adviser of IOC for this acquisition.

(e) to (g): In the opinion of the IOC, differences over the pricing of the Vadodara unit of IPCL cannot be termed as 'dispute' in as much as they do not pertain to the ongoing business transactions between the two companies but to the proposed sale of the Vadodara unit of IPCL. Any sale/purchase transaction can go through only if the terms are agreeable to the seller and the buyer and the absence of such agreement cannot be termed as a dispute. There were some differences in the values assessed by IOC and IPCL for the Vadodara complex and the matter has been referred by the Department of Disinvestment to the Committee on Disputes.